

Message Text

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67

ACTION STR-04

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 STRE-00 AGRE-00

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 FEA-01 XMB-02 AF-08 ARA-06 NEA-10 OIC-02

(ISO) W

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R 091453Z NOV 76

FM USMISSION GENEVA

TO SECSTATE WASHDC 3457

INFO ALL EC CAPITALS 141

AMEMBASSY BERN

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: GATT, ETRD

SUBJ: GATT WP ON EXPORT INFLATION INSURANCE, NOVEMBER 5

REF: STATE 271081

1. U.S., SWEDEN, CANADA, SWITZERLAND, JAPAN LABELED
SCHEMES ILLEGAL AND ASKED THAT THEY BE PHASED OUT.
UK AND FRANCE WANT TO DISCUSS EXCHANGE-RATE INSURANCE.
FINLAND SAID SCHEMES ARE SUBSIDIES ONLY TO EXTENT THEY
DO NOT PAY FOR THEMSELVES. U.S. URGED COMPLETION EXAMI-
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NATION EXPORT INFLATION INSURANCE SCHEMES BEFORE WP

EMBARKS ON ANY OTHER DISCUSSIONS. EC SAID THEY WOULD QUOTE INSIST UNQUOTE THAT ALL RELATED MATTERS BE DISCUSSED IN PARALLEL. WE SAID WE WOULD EQUALLY INSIST THAT ANY MATTERS DISCUSSED OTHER THAN EXPORT INFLATION INSURANCE BE DIRECTLY LINKED TO WP'S TERMS OF REFERENCE ON COST INFLATION.

2. AT U.S. AND CHAIRMAN'S REQUEST, GATT SECRETARIAT TO APPROACH OECD TO ASCERTAIN AVAILABILITY THEIR DOCUMENTS ON SUBJECT. CHAIRMAN AGREED WITH U.S. THAT IT NECESSARY STOCK CLOSE TO TERMS OF REFERENCE. HOWEVER, UNTIL MORE INFORMATION PROVIDED ON QUOTE OTHER UNQUOTE SUBJECTS WHICH UK AND FRANCE MAY WISH DISCUSS, INCLUDING EXCHANGE RATE INSURANCE, CP AS YET UNABLE TO MAKE JUDGMENT.

3. WP MEMBERS HAVING EXPORT INFLATION INSURANCE SCHEMES HAVE PROMISED SUBMIT DETAILED INFORMATION ON STRUCTURE AND OPERATION THESE SCHEMES. WE NOTED THAT PORTUGAL NOT MEMBER OF WP; CHAIRMAN SAID WP MEMBERS SHOULD FEEL FREE TO DIRECTLY APPROACH ANY COUNTRIES HAVING SUCH SCHEMES. (WASHINGTON AND LISBON NOTE: WOULD BE HELPFUL IF WE COULD URGE PORTUGUESE TO PARTICIPATE IN NEXT SESSION AND TO SUBMIT DETAILS ON THEIR SCHEME TO WP.)

4. WITH RESPECT EXCHANGE RATE INSURANCE SUGGESTED BY UK AND FRANCE, UK TOLD US FOLLOWING IN PRIVATE DISCUSSION. SWITZERLAND HAS AN INSURANCE SCHEME WHICH COMPENSATES EXPORTER LOSSES IN INSTANCES WHERE EXPORT CONTRACT MADE IN A FOREIGN CURRENCY. FOR EXAMPLE, UK CLAIMS SWISS EXPORTERS HAVE MADE STERLING CONTRACTS, LOSSES ON WHICH HAVE BEEN CAUSED BY APPRECIATION OF SWISS FRANC. INSURANCE THEN ALLEGEDLY COMPENSATES SWISS EXPORTER; UK CLAIMS QUOTE SWISS TAKING HUGE LOSSES ON PROGRAM UNQUOTE.

5. WE RESISTED INCLUSION THIS ITEM IN WP ON GROUNDS THAT IT NOT RELATED TO COST INFLATION. HOWEVER, IT CLEAR THAT UK AND FRANCE, BACKED BY EC, INTEND TO PUSH DISCUSSION OF SAME. WOULD WELCOME INFORMATION ON AUTHENTICITY OF CHARGES AGAINST SWISS SCHEME.
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6. WP WILL MEET AGAIN IN LATE JANUARY.CATTO

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Message Attributes

Automatic Decaptioning: X
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Margaret P. Grafeld
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04 MAY 2006

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